

*HUBZone Mini-Primer*

## **Understanding HUBZone Designations**



U.S. Small Business Administration

**U.S. Small Business Administration**

*Office of Government Contracting & Business Development*

*Office of the HUBZone Program*

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# Introduction

- HUBZone program is designed to help small firms in certain communities gain access to federal contract opportunities
- Mini-primer is designed to help firms understand what HUBZone designations are, how they are determined, where they are located and how to find them

# Program Purpose

- Provides federal contracting assistance to qualified small firms in designated HUBZones to:
  - Increase employment opportunities
  - Stimulate capital investment
  - Empower communities through economic leveraging

# What is a HUBZone Designation?

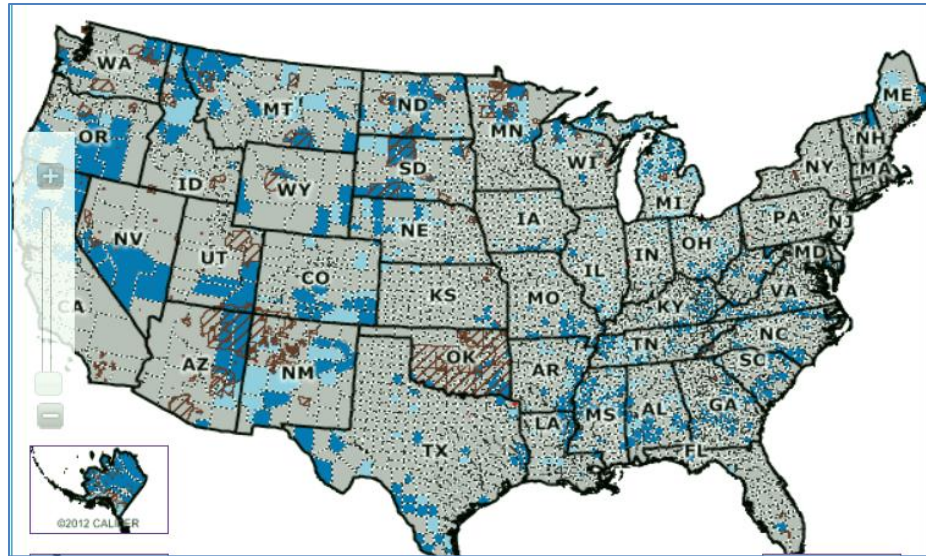
- Geographical location designated by the SBA as an area that is and has been historically underutilized by businesses

# Determining HUBZone Designations – SBA's Role

- SBA uses information obtained from several agencies
- The way SBA uses this data to indicate HUBZones is determined [by law](#)
- SBA does not have the authority to decide that a particular area should be a HUBZone or not



# How Do You Find HUBZone Designated Areas?



Review it...

[HUBZone Maps - Page](#)

# Types of HUBZone Designations

- There are four types of HUBZone designations:
  - ✓ Qualified Census Tract
  - ✓ Qualified Nonmetropolitan County
  - ✓ Qualified Indian Reservation
  - ✓ Qualified Base Closure Area

# Qualified Census Tract (QCT)

- A census tract is a statistical subdivision of counties that may include just a few neighborhoods in a city or, in rural areas, may include several towns
- HUD designates Qualified Census Tracts (QCTs) for purposes of the [Low-Income Housing Tax Credit \(LIHTC\) program](#)
- To qualify -- census tract must either:
  - ✓ demonstrate a poverty rate of at least 25 percent; or
  - ✓ 50 percent or more of its householders must have incomes below 60 percent of the area median household income\*

**NOTE:** LIHTC statute imposes limits on the number of census tracts an area can have --- it is possible for a tract to meet one or both of the above criteria, but not be designated as a QCT



# Qualified Nonmetropolitan County (QNMC)

- Counties that are part of a metropolitan area are **not eligible** for HUBZone status
- In order for a nonmetropolitan county to qualify:
  - ✓ median household income in the county must be less than 80% of the nonmetropolitan state median household income, or
  - ✓ the unemployment rate in the county must be at least 140% of either the national or state unemployment rate, or
  - ✓ the county is classified as a Difficult Development Area (DDA), as designated by HUD within Alaska, Hawaii, or any territory or possession of the United States - outside the 48 contiguous states

# Qualified Indian Reservation

- Qualified Indian Lands are areas within the boundaries of Indian reservations
- Trust lands acquired by an Indian tribe after December 21, 2000, are **NOT** HUBZones unless they:
  - ✓ are part of a former reservation, or
  - ✓ are contiguous to areas that were trust lands as of December 21, 2000

# Qualified Base Closure (QBC)

- Base closure area is defined as the lands within the boundaries of a military installation that was closed
- Such an area can be designated as a HUBZone for a period of 5 years, beginning on the official date of base closure and ending the same date, five years later

# Redesignated Area

- Tracts or counties are redesignated for three years after the date which the tract or county ceases to be qualified due to changes in income, unemployment, or poverty data
- When a tract or county is redesignated, its status in the HUBZone maps reflects the sunset date of the redesignation

# Redesignated Area -- Example

This location is HUBZone Qualified until October 2015.

The location indicated is in Catron County, NM.

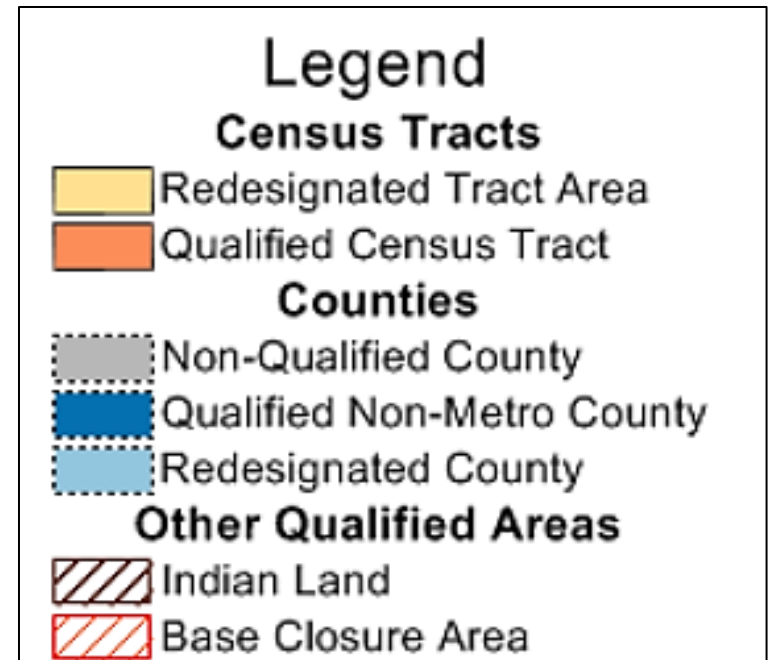
Catron County is a non-Metro County, not currently HUBZone qualified by either unemployment rate or household incomes. However, Catron County was previously qualified and will retain HUBZone eligibility as 'Redesignated' until October 2015.

In this example, Catron County, New Mexico is redesignated until October 2015, which means it ceased to be qualified in 2012

As such, on or after October 1, 2015 all certified HUBZone small businesses whose principal office is located in Catron County, NM will be proposed for decertification

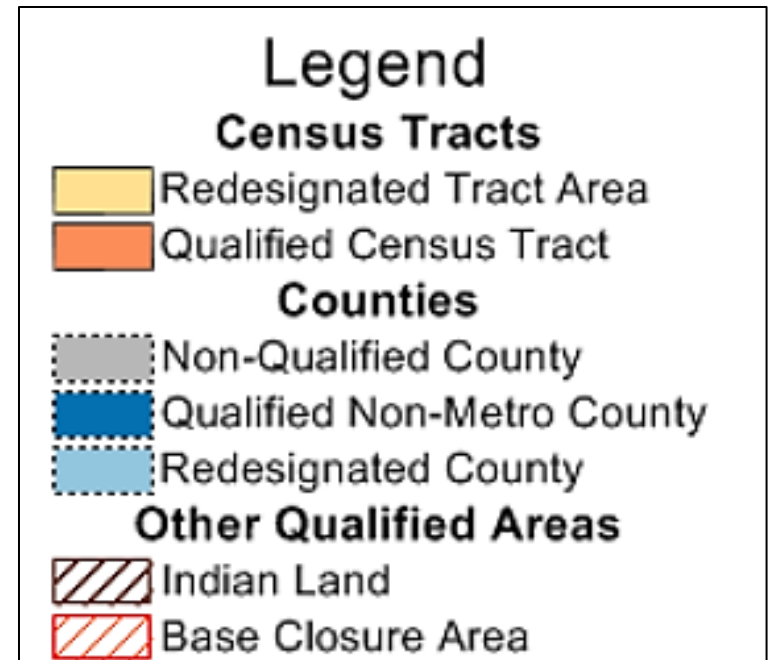
# Knowledge Review -- Question

- **Question:** All of the colors in this HUBZone map legend indicate an area that is a HUBZone, except for one -- which is it?



# Knowledge Review -- Answer

- **Answer:** Gray indicates a non-qualified county where there is no qualified or redesignated census tract, Indian Land, or base closure area and thus is not a HUBZone area



# How Often do HUBZones Change?

HubZone Type	Subtype	Data Update Frequency	Source Data Agency
Qualified Census Tract	-	Every 5 years	Department of Housing and Urban Development
Qualified Nonmetropolitan County	Qualified by unemployment	Annually (May)	Bureau of Labor Statistics
	Qualified by income	Annually (Jan.)	Census Bureau
	Qualified DDA	Annually (Nov.)	Department of Housing and Urban Development
Qualified Indian Land-		As necessary	Bureau of Indian Affairs
Qualified Base Closure Area	-	As necessary	Department of Defense



# Resources and Tools

- Powerful resources and tools are available to assist you to better understand the HUBZone program
- Use these resources to learn, discover and expand your understanding.

# HUBZone Statute – Resources and Tools



[HUBZone Statute](#)

# HUBZone Regulations – Resources and Tools



[HUBZone Regulations](#)  
**13 CFR Parts 126.100 – 126.900**

# HUBZone Maps – Resources and Tools



[HUBZone Maps](#)

# eMail Alerts – Resources and Tools



[eMail Alerts](#)

# HUBZone Designation FAQs – Resources and Tools



[HUBZone Designation FAQs](#)

# Geocoding Toolkit – Resources and Tools



[Geocoding Toolkit](#)

# SBA/HUBZone Website – Resources and Tools



[SBA/HUBZone Website](#)



# GC Classroom – Resources and Tools



[GC Classroom](#)

# Contact Us...

- Thank you for taking the time to learn about HUBZone designations
- Please contact us with any questions you may have

## HUBZone Help Desk

[HUBZone@sba.gov](mailto:HUBZone@sba.gov)

U.S. Small Business Administration  
Office of Government Contracting and Business Development  
Office of the HUBZone Program



HUBZone Mini-Primer --- Designations